

5. Detailed Study Guide

A Essential elements of the legal system

1. Law and the legal system

- a) Define law and distinguish types of law.^[1]
- b) Explain the structure and operation of the courts.^[1]

2. Sources of law

- a) Explain what is meant by case law and precedent.^[1]
- b) Explain legislation and evaluate delegated legislation.^[1]
- c) Illustrate the rules and presumptions used by the courts in interpreting statutes.^[1]
- d) Identify the concept and impact of human rights law.^[1]

B The law of obligations

1. Formation of contract

- a) Analyse the nature of a simple contract.^[2]
- b) Explain the meaning of an offer and distinguish it from an invitation to treat.^[2]
- c) Explain the termination of an offer.^[2]
- d) Explain the meaning and consequence of acceptance.^[2]
- e) Explain the need for consideration.^[2]
- f) Explain adequacy and sufficiency of consideration.^[2]
- g) Analyse the doctrine of privity.^[2]
- h) Distinguish the presumptions relating to intention to create legal relations.^[2]

2. Content of contracts

- a) Distinguish terms from mere representations.^[1]
- b) Define the various contractual terms.^[1]
- c) Explain the control over terms in consumer contracts and the operation of exclusion clauses in non-consumer contracts.^[2]

3. Breach of contract and remedies

- a) Explain the ways in which a contract may be discharged.^[2]
- b) Explain the meaning and effect of breach of contract, and the remedies available in common law.^[2]
- c) Explain the rules relating to the award of damages.^[2]
- d) Analyse the equitable remedies for breach of contract.^[2]

4. The law of torts and professional negligence

- a) Explain the meaning of tort.^[2]
- b) Explain the tort of 'passing off'.^[2]
- c) Explain the tort of negligence including the duty of care and its breach, and the concept of vicarious liability.^[2]
- d) Explain the meaning of causality and remoteness of damage.^[2]
- e) Discuss defences to actions in negligence.^[2]
- f) Explain and analyse the duty of care of accountants and auditors.^[2]

C Employment law

1. Contract of employment

- a) Distinguish between employees and the self-employed.^[2]
- b) Explain the nature of the contract of employment and common law and statutory duties placed on the employer and employee.^[2]

2. Dismissal and redundancy

- a) Explain termination of employment by notice.^[2]
- b) Distinguish between summary and constructive dismissal.^[2]
- c) Explain wrongful dismissal.^[2]
- d) Explain unfair dismissal, including the procedure, and fair and unfair reasons for dismissal.^[2]
- e) Discuss the remedies available to those who have been subject to unfair dismissal.^[2]
- f) Explain what is meant by redundancy and the operation of the rules relating to it.^[2]

D The formation and constitution of business organisations

1. Agency law

- a) Define the role of the agent and give examples of such relationships paying particular regard to partners and company directors.^[2]
- b) Explain the formation of the agency relationship.^[2]
- c) Define the authority of the agent.^[2]
- d) Explain the potential liability of both principal and agent.^[2]

2. Partnerships

- a) Demonstrate a knowledge of the legislation governing the partnership, both unlimited and limited.^[1]
- b) Discuss the formation of a partnership.^[2]
- c) Explain the authority of partners in relation to partnership activity.^[2]
- d) Analyse the liability of various partners for partnership debts.^[2]
- e) Explain the termination of a partnership, and partners' subsequent rights and liabilities.^[2]

3. Corporations and legal personality

- a) Distinguish between sole traders, partnerships and companies.^[1]
- b) Explain the meaning and effect of limited liability.^[1]
- c) Analyse different types of companies, especially private and public companies.^[1]
- d) Illustrate the effect of separate personality and the veil of incorporation.^[1]
- e) Recognise instances where separate personality will be ignored (lifting the veil of incorporation).^[1]

4. The formation and constitution of a company

- a) Explain the role and duties of company promoters, and the breach of those duties and remedies available to the company.^[2]
- b) Explain the meaning of, and the rules relating to, pre-incorporation contracts.^[2]
- c) Describe the procedure for registering companies, both public and private, including the system of streamlined company registration.^[1]

- d) Describe the statutory books, records and returns, including the confirmation statement and the register of people with significant control, that companies must keep or make.^[1]
- e) Analyse the effect of a company's constitutional documents.^[2]
- f) Describe the contents of model articles of association.^[1]
- g) Explain how articles of association can be changed.^[2]
- h) Explain the controls over the names that companies may or may not use.^[2]

E Capital and the financing of companies

1. Share capital

- a) Examine the different types of capital.^[2]
- b) Illustrate the difference between various classes of shares, including treasury shares, and the procedure for altering class rights.^[2]
- c) Explain allotment of shares, and distinguish between rights issue and bonus issue of shares.^[2]
- d) Examine the effect of issuing shares at either a discount, or at a premium.^[2]

2. Loan capital

- a) Define companies' borrowing powers.^[1]
- b) Explain the meaning of loan capital and debenture.^[2]
- c) Distinguish loan capital from share capital, and explain the different rights held by shareholders and debenture holders.^[2]
- d) Explain the concept of a company charge and distinguish between fixed and floating charges.^[2]

- e) Describe the need and the procedure for registering company charges.^[2]

3. Capital maintenance and dividend law

- a) Explain the doctrine of capital maintenance and capital reduction.^[2]
- b) Explain the rules governing the distribution of dividends in both private and public companies.^[2]

F Management, administration and the regulation of companies

1. Company directors

- a) Explain the role of directors in the operation of a company, and the different types of directors, such as executive/ non-executive directors or *de jure* and *de facto* directors, and shadow directors.^[2]
- b) Discuss the ways in which directors are appointed, can lose their office and the disqualification of directors.^[2]
- c) Distinguish between the powers of the board of directors, the managing director/chief executive and individual directors to bind their company.^[2]
- d) Explain the duties that directors owe to their companies, and the controls imposed by statute over dealings between directors and their companies, including loans.^[2]

2. Other company officers

- a) Discuss the appointment procedure relating to, and the duties and powers of, a company secretary.^[2]
- b) Discuss the appointment procedure relating to, and the duties and rights of a company auditor, and their subsequent removal or resignation.^[2]

3. Company meetings and resolutions

- a) Distinguish between types of meetings: general meetings and annual general meetings.^[1]

- b) Distinguish between types of resolutions: ordinary, special, and written.^[2]
- c) Explain the procedure for calling and conducting company meetings.^[2]

communication of, such policies, controls and procedures.

- d) Recognise the nature and legal control over bribery.^[2]
- e) Discuss potential criminal activity in the operation, management and liquidation of companies, including the failure to prevent the facilitation of tax evasion and the meaning of relevant body.^[2]
- f) Recognise the nature and legal control over fraudulent and wrongful trading.^[2]

G Insolvency law

1. Insolvency and administration

- a) Explain the meaning of and procedure involved in voluntary liquidation, including members' and creditors' voluntary liquidation.^[2]
- b) Explain the meaning of, the grounds for, and the procedure involved in compulsory liquidation.^[2]
- c) Explain the order in which company debts will be paid off on liquidation.^[2]
- d) Explain administration as a general alternative to liquidation.^[2]
- e) Explain the way in which of an administrator may be appointed, the effects of such appointment, and the powers and duties an administrator.^[2]

H Corporate Fraudulent and Criminal behaviour

1. Fraudulent and criminal behaviour

- a) Recognise the nature and legal control over insider dealing.^[2]
- b) Recognise the nature and legal control over market abuse.^[2]
- c) Recognise the nature and legal control over money laundering including the following policies, procedures and controls:^[2]
 - i) risk management practices:
 - ii) internal controls:
 - iii) customer due diligence:
 - iv) reliance and record keeping;
 - v) the monitoring and management of compliance with, and the internal